U.S. Department of Agriculture
Office of the Secretary

For Immediate Release

A friend approached me recently with an interesting question. If I could select one--and only one--major accomplishment of the second year of this administration of the Department of Agriculture, I was asked, what would it be?

That farm prices closed the year nearly 23 percent higher than in 1977? And this despite record world and domestic supplies?

That net farm income rose nearly 40 percent to more than $28.1 billion?

Or perhaps that American farmers exported the output of 107 million acres valued at a record high of $27.3 billion?

I'm here to tell you this morning that we have no lack of statistics in Washington to back up our claim that 1978 was a good year for farmers. But I'm here to tell you, too, that just because I flew in to Portland from Washington, D.C., doesn't mean that I worship at the altar of statistics. Between Washington and Oregon is a land of farmers whose problems can't always be measured, tallied and calculated. I understand that.

And I understand that this year's very real statistics belie some of your equally real problems and concerns.

Message of Secretary of Agriculture Bob Bergland, delivered by Barbara Lindemann Schlei, Administrator, Agricultural Marketing Service, U.S. Department of Agriculture, before the Northwest Agricultural Show, Portland Oregon, February 1, 1979

We can't measure your concern about outside capital coming in to American agriculture...your worry about inflation...your frustration with labor laws that prevent Oregon and Washington youngsters from picking berries...your need for that cherry market in Japan and apple market in the Middle East.

But we can do something about that concern, worry and need. And we are.

If we scored any single major accomplishment last year it was this: in 1978, largely as a result of the omnibus farm bill which links consumer and farmer interests, Washington understood--and the vast non-farming sector of the American populace really began to appreciate--the complexity of the farmer's life.

I can't promise you full public empathy. We can't expect every layperson to assess 1978's record $82 billion increase in farm assets in light of a parallel record increase in the farm debt.

But I can assure you that we are reaching the public on its own terms.

As a result of our programs, we are now dealing with a more sensitive, educated and knowledgeable public. This public wants a full accounting. They want to know where their money is going, that farmers only received $66 billion of the $200 billion spent on food in 1978. They want to know that the balance--$135 billion or 68 cents of each food dollar--went into the food marketing chain.

The result goes far beyond a knowledgeable consumer. In taking the "you" and the "they" out of farmer and consumer, I believe we have also pointed the castigating finger in another direction. Not only are farmers no longer the scapegoat for inflation. The fact that they, too, are caught in the inflationary spiral, and their contribution to fighting inflation, are at last recognized.

Robert Samuelson, who writes for the National Journal, recently reminded his reader of a trite truth: "The world is a complicated place, and we delude ourselves if we think it can be easily forecast and controlled. People always understand the complexity of their own lives but, just as often, insist on the simplicity of the other fellow's."

That's why it's not enough today to dismiss farmers' problems with an easy recitation of the good news. Yes, the book value of farmers' assets increased $82 billion in 1978 to $790 billion. But this must be balanced with reality: the farm debt also increased a record amount--$17 billion. This leaves American farmers with a net equity of $660 billion, up $66 billion from last year.

We do not have exact state figures yet for 1978. But based on the national average, the debt for the six northwest states--Oregon, Washington, Idaho, Montana, Nevada, and California--increased from $17.6 billion in 1977 to about $20 billion.

Your region's debts per farm--as well as your per farm assets--are consistently the highest in the nation.

As is the case across the country, the value of your real estate accounts for about 75 percent of your total farm asset value.

While the average real estate value of an American farm in 1978 was $196,200, the average per farm value in the six northwestern states was a soaring $280,000. So with your great stake in real estate, I understand your concern about foreign ownership.

Since 1970, average farmland value across the U.S. has more than doubled. In some areas it has tripled. Increases in farmland value have outrun increases in the general inflation rate.

Many fear that foreign investment will increase as the financial benefits of investing in American farmland are understood.

The concern is serious enough that last year the President signed into law a bill to monitor farmland purchases by foreigners. The Agricultural Foreign Investment Information Act requires that foreign owners of agricultural land report their holdings and acquisitions to the Secretary of Agriculture.

USDA has been gathering data on foreign ownership of our agricultural lands, and this data does not substantiate farmers' concerns.

USDA has surveyed foreign purchases of America's farmland from January 1977 through June 1978. This 18-month survey translates into an annual foreign purchasing rate of about 1/2 million farmland acres and 1/4 million cropland acres--or about eight one-hundredths of 1 percent of all U.S. farmland.

At this rate it would take about 19 years for foreigners to acquire ownership of an additional 1 percent of our farmland and over 20 years to acquire ownership of an additional 1 percent of our cropland.

During our survey, 20 states accounted for about 90 percent of land transfers to foreigners. Although Oregon was the leading state in acres sold to foreign buyers, most of the foreign investment in Oregon was in one large ranch purchase.

Rising land prices may contribute substantially to your equity growth. But, as you know, they can also make it difficult for those who have recently made large investments in farm real estate and capital to meet debt payments out of their net farm income.

President Carter signed the Agricultural Credit Act of 1978, a far-reaching expansion of farm credit programs, to help these people.

The Carter Administration has helped farmers and ranchers stay in business by more than doubling farm credit from a year ago, from $2.7 to $5.5 billion. This includes more than double the amount of farm credit extended to the six northwestern states by the Farmers Home Administration--from $122,000 in 1977 to $393,000 in 1978.

It also includes a sharp increase in the number of emergency loans made last year to farmers whose production was cut back by drought, flood or other natural causes.

In mid-1978, about 5 percent of the farmers in your region had Farmers Home Administration loans.

In Washington we understand that while farmers need more federal assistance in terms of loans and credit, they need less government involvement in their day-to-day operations.

Last week, in his State of the Union address, President Carter said: "America has the greatest economic system in the world. Let's reduce governmental interference and give it a chance to work."

That's what the Food and Agriculture Act of 1977 is all about: solving producers' problems with a minimum of federal involvement in their management decisions.

With 36 percent of your cropland in grain production, western and northwestern farmers have a stake in the future of the administration's farm programs.

We have set, as our priority, building stability into agriculture so farmers could plan and profit. We raised target prices to provide income and price protection based on actual cost of production. We established price supports for major crops at levels that would ensure their competitiveness on world markets.

This administration got a handle on surpluses. We strengthened prices. We established a farmer-owned grain reserve, the cornerstone of the administration's food and farm programs. It both assures consumers of adequate food supplies and is a hedge against soaring food price increases when production is low.

The results of our 1978 programs are in and they are good.

Prices received by farmers for their products are nearly 23 percent higher than a year ago. Corn prices are up 18 percent; wheat is 32 percent higher; and soybean prices increased 21 percent.

The 1979 feed grain program is about the same as the 1978 program. Forty to 45 percent of western and northwestern wheat and feed grain farms participated in last year's set-aside.

These voluntary programs give farmers the freedom to make their own economic decisions.

But many of you from Oregon and Washington feel that governmental intervention--in the form of the Fair Labor Standards Act--is cramping your ability to make your own decisions.

With support from USDA, the northwest industry--chiefly Oregon and Washington berry growers--succeeded last spring in attaching a waiver to the Act. The waiver, or Berry Pickers Amendment, permits farmers to petition the Secretary of Labor to waive the minimum age at which children can work on farms.

I understand that you feel that the Department of Labor is taking a very narrow interpretation of the amendment and is still pursuing a highly activist labor policy.

I understand your concerns. I do not dismiss them or underrate them. But I want to emphasize that the real extent and impact of regulations are often not as serious as the emotion generated by the mere term "regulation" would have us believe. All we need are the facts.

And the fact is that the overwhelming number of small farmers who depend on family and local labor to handle their production are exempt from the Fair Labor Standards Act.

To be required to meet the terms of the Act, a farmer must hire seven or eight workers in a calendar quarter. This would presuppose a minimum payroll range of $7,500 to $10,000.

In Oregon, for example, there are 17,000 farms with sales of $2,500 or more. But only about one-fifth of these farms have payrolls of at least $7,500 and are subject to the Fair Labor Standards Act. In Washington, with its 21,000 farms with sales in excess of $2,500, again only about one-fifth of the farms fall under the requirements of the Act.

In this time of global interdependence, regulations at home contribute no more than restrictions abroad to the complexity of farmers' lives.

In the past two years, for example, Japan has become increasingly concerned about Hessian fly infestation and has cut U.S. hay imports in half. USDA has been researching the problem with the National Hay Association. We will propose what we hope will be an acceptable fumigation system to the Japanese when we meet next month in Tokyo.

You have the administration's support--and you had the support of the last Congress--in market development work.

Under the new Agricultural Trade Act, we will open offices in the most important commercial regions of the world to provide one-stop service to U.S. exporters and foreign customers in overseas markets.

I can report to you today outstanding results from our market development programs with northwest horticultural industries.

Japan, as you know, is our new market for cherries.

We have worked closely with the industry for the past seven years to defeat the codling moth problem. And we've done it. In 1978, for the first time, we delivered Washington, Oregon, Idaho and Montana cherries--136,000 cartons of them--to Japan. In December we negotiated with the Japanese for still more liberal inspection methods and have set 1979's goal at 225,000 cartons.

I have your word that a box of Montana cherries will be delivered this year to U.S. Ambassador Mansfield in Japan.

Largely through the solid efforts of our 15-year cooperator program with the Northwest Horticultural Council, we have expanded our southeast Asian markets for Pacific Coast fresh deciduous fruits and our Middle Eastern markets for apples.

Two years ago we couldn't get into Middle Eastern apple markets. You remember. The French had it cornered with lower prices. But when France had a short crop, we moved in. And we have stayed in. Through cooperation at home, we have demonstrated that we can deliver consistently high quality abroad.

We have shot up from a delivery of 131 cartons to the Middle East in 1976 to 973,665 cartons in 1978. And this year, to date, deliveries are ahead of last year.

USDA has budgeted $1.8 million this year for our cooperator program with Western Wheat Associates. This program has been largely responsible for our 22-year market for western wheat with Japan and important inroads into new markets.

In 1977 we broke into the Malaysian, Singapore, and Indonesian markets. Our volume to those countries in 1978 was valued at almost $80 million. And last year, for the first time, we exported western wheat to Sri Lanka.

When President Carter made his televised speech on inflation last fall, he said that, "We will continue to use our agricultural policies to sustain farm production, to maintain stable prices, and to keep inflation down."

I could note the great contributions of our agricultural exports to the American economy and stop at that. After all, agricultural exports were valued at $27.3 billion last year and 1979 is projected as another record-breaker with shipments valued at about $29 billion.

But the truth is that the significance of agricultural exports far supercedes dollars and cents.

In today's world, the President said in the State of the Union address, "the choice is not which superpower will dominate...None can and none will. The choice instead is between a world of anarchy and destruction, or a world of cooperation and peace."

We can't measure your contribution to cooperation and peace. But we can help you. We are pursuing an aggressive farm export and trade policy to expand export markets and break down barriers to multilateral export trade.

I have made nine overseas trips, including visits to the Far East, Eastern Europe, Western Europe, and the Soviet Union, to deal with foreign market development and restrictions of the European Economic Community on American agricultural exports.

I returned from China last fall with no doubts that we had scored new inroads in cooperation with one-fourth of the world's people.

I believe that there will be a noticeable expansion of agricultural trade between our two countries. I told the Chinese that we are a dependable grain supplier and that we are interested in long-term and stable export growth, and not a "firesale" approach to exports.

Cooperation and peace also head the administration's 1979 priorities in the form of the Multilateral Trade Negotiations and their successful conclusion.

Here at home exports of American agricultural products are less important for their literal dollar value than they are for their ability to reverse inflation.

Although our farmers are caught in the inflationary spiral, their labors--more than the labors of any other segment of the American economy--help the rest of the nation to fight inflation.

And the rest of the nation is beginning to understand this.

The public is beginning to understand that it is your contribution of $13.4 billion to the U.S. balance of trade in 1978 that offset the $48 billion deficit produced by U.S. non-farm trade.

It is just beginning to understand that without our agricultural exports our trade deficit would be a third higher, our dollar would be even weaker on foreign exchange markets and our domestic inflation problems would be even more serious than they are.

It is beginning to understand that the other fellow's life is not so simple...to appreciate, as we do in Washington, some things that can't be measured so easily: the complexity of farmers' lives and the enormity of their achievements.

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